

# **LARS Reporting Clarification**

## **Introduction**

The rise in the volume of participation loans has lead to questions about and inconsistencies in the reporting of certain Loan Account Reporting System's (LARS) data elements, such as loan type codes, commodity codes, and location codes. The Loan Account Reporting System's objective continues to be to provide a uniform set of data on each loan (i.e. made, and/or participated in). We believe that additional clarification will be helpful in accomplishing the objective. **All existing LARS definitions continue to apply.**

## **Purpose**

The purpose of this clarification is to provide additional guidance for the reporting of the LARS data codes for loan type, commodity, state, and county. This guidance applies equally for all loans on the institution's books as of the reporting date, including participations and similar entities regardless of how the loans were originated.

## **Loan Type Code:**

- The loan type code is determined based on the statutory authority used to make the loan. This is the same method that is used to determine loan type on call report Schedule RC.1 Memoranda.
- For loans made to similar entities under the authorities of § 613.3300, the loan type code should be the same as that used for "functionally similar" loans.
- For purchased participation loans from another System institution, the loan type code should be the same as it was coded by the originating System institution.

## **Commodity Code:**

- Valid commodity codes are those that conform to the U.S. Department of Commerce's 1987 Standard Industrial Codes (SIC). (A newer 6-digit code system, the North American Industry Classification System NAICS was adopted for Federal reporting in 1997. We have not converted to that system. If you have a loan with a customer that has a NAICS code, we can assist in determining the appropriate SIC code.)
- Use either the 4-digit (primary or industry number) or 3-digit (group number, ends with a zero) code that best fits the loan customer. Generally, you should NOT use codes that end in two zeros, nor should you use codes 999 (Other) and 9999 (Non Classifiable Establishments).
- For agricultural customers, use the commodity code for the product that accounts for the majority of the borrower's farm business operation income. In general, and in particular for part-time farms, the code should be the enterprise that qualifies the customer as an agricultural borrower. Thus, for many customers the commodity code may be neither the primary loan purpose nor a major source of loan repayment.

- Commodity Codes 0500 (landlords) and 6519 (Lessors of Real Property, NEC) are acceptable for agricultural customers, but these should be used only for customers borrowing as a non operating landlord.
- For Rural Home (loan type) customers, Code 1000 (this major group has no sub group or industry breakout) is the only commodity code that applies.
- For Processing and Marketing customers, use the commodity code that best captures the business activity, i.e., the primary service or end product being provided or produced.
- For ethanol plants, the code to use is: 2869 (Industrial Organic Chemicals, Not Elsewhere Classified).

**State and County Codes:**

- Generally, these codes are to capture the state and county location of the customer's operation being financed. This is typically the headquarters, or business address, when more than one physical location is involved.
- In the case of non operating landlords, it will typically be the customer's primary residence, which may not match the actual farm business location.
- In the case of purchased loans, e.g. from a commercial bank, location refers to the loan customer, not the selling institution's headquarter location.

**New or Unusual Circumstances:**

- If you have a loan for a new or unusual business activity where the industry or product code to use is unclear, please contact April Davis at DavisA@FCA.GOV.